Abridged Financial Results

For The Six Months Ended 31 December 2019

Simbisa Brands
LIMITED

Salient Features

(INFLATION ADJUSTED)

FOR THE SIX MONTHS ENDED 31 DEC 2019

REVENUE ZWL (millions)	OPERATING PROFIT BEFORE DEPRECIATION, IMPAIRMENT AND AMORTISATION ZWL (millions)	PROFIT BEFORE TAX ZWL (millions)	PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ZWL (millions)	HEADLINE EARNINGS PER SHARE ZWL (cents)	CASH GENERATED FROM OPERATING ACTIVITIES ZWL (millions)
1,272.3	248.3	156.9	106.3	18.91	229.7
↗101%	↗80%	↗28%	↗24%	↗23%	↗71%

Chairman's Statement

Overview

Whilst economic headwinds in our largest market, Zimbabwe, have defined the past six months, I am nevertheless pleased to present inflation adjusted results of the Group for the half-year that reflect a strong growth trajectory and resilient business performance in the face of significant challenges.

The operating environment in Zimbabwe is characterised by hyperinflation, exchange rate depreciation, electricity supply disruptions, frequent regulatory and policy changes, scarcity of fuel and foreign currency amongst others. The Board remains engaged in strategic discussions with management, government authorities, regulators and other stakeholders on these issues with a view of mitigating the impact as detailed in the CEO's report.

The Group's operations in the Region have seen relatively stable operating environments. A strategic goal of the Group has been to dilute its earnings concentration risk in Zimbabwe by growing the Region. I am pleased to report growth in Kenya, Zambia and Ghana. However, currency devaluation remains a key risk area of focus across the board. Strategies have been put in place to maintain optimal capital structures in the markets that are most affected, including managing the currency denomination of our debt in these markets.

Significant accounting and reporting developments

(i) Adoption of Hyperinflation Accounting

The Public Accountants and Auditors Board (PAAB) in their circular 01/19 communicated that the factors and characteristics to apply the International Accounting Standard ("IAS") 29, Financial Reporting in Hyper-Inflationary Economies, had been met in Zimbabwe. As a result, all entities with the Zimbabwe dollar as their functional currency are now required to apply the requirements of IAS 29 with effect from 1 July 2019. The Group applied IAS 29 in the preparation of these financial results in accordance with this guidance.

The adoption of IAS 29 has resulted in the following notable restatements to the historical numbers of the Group:

- **Total assets**
  The restated amount of total assets is ZWL1,4 billion compared to ZWL1,1 billion before the IAS29 restatement, representing a net restatement of ZWL316 million.

- **Total liabilities**
  The total liabilities were restated by ZWL98 million to reach ZWL949 million compared to ZWL851 million prior to restatement.

- **Operating profit**
  Operating profit including the IAS29 restatement stood at ZWL248 million compared to ZWL205 million prior to restatement, representing a net restatement of ZWL43 million.

- **Gain/loss on net monetary position**
  Total loss on monetary position of ZWL1,3 million was recognised as a result IAS29 restatement.

(ii) Adoption of International Financial Reporting Standard (IFRS) 16: Leases

The Group has implemented the new accounting standard on leases; IFRS 16, with effect from 1 July 2019. The new standard has a material impact on the Group's results because it operates the majority of its stores under operating lease agreements. Under the new standard, the Group is now required to recognise a right of use asset and lease liability for leases that were previously classified as operating lease under IAS17.

The adoption of the new standard has had the following notable implications on the Group's results for the half year ended 31 December 2019:

- **Operating profit**
  Operating profit including the impact of IFRS16 stood at ZWL248 million compared to ZWL204 million excluding the impact of IFRS16. Rental expense decreased by ZWL44 million, contributing to the increase in Operating profit. Operating profit margin increased from 16% to 20%, after incorporating the IFRS16 adjustments.

- **Total assets**
  Right of Use assets were recognised on 1 July 2019 and had a carrying amount of ZWL275 million at the end of the period, bringing the total assets to ZWL1,4 billion.

- **Total liabilities**
  Total lease liability was recognised on 1 July 2019 and had a carrying amount of ZWL287 million at the end of the period.

- **Leverage ratios**
  The debt to equity ratio including IFRS 16 adjustment is 77% whereas the ratio will be 15% excluding IFRS 16 adjustments.

(iii) Partial compliance with International Financial Reporting Standards

As reported in our annual financial statements for the year ended 30 June 2019, legal instruments issued by the government of Zimbabwe on the re-introduction of the Zimbabwe dollar resulted in market-wide impracticability in achieving full compliance with IFRS due to conflicts between International Standard (IAS) 21: The Effects of Changes in Foreign Exchange Rates and local laws. This resulted in the External Auditors issuing an Adverse audit opinion on the Group's financial results for the year ended 30 June 2019 in accordance with guidance issued by the Public Accountants and Auditors Board (PAAB) in Zimbabwe. The above matter continues to affect the corresponding numbers and opening balances in respect of the Group's current period financial results.

In addition, the absence of a foreign exchange mechanism in Zimbabwe which meets the definition of a spot rate in accordance IAS 21 has resulted in the Group's inability to comply with IAS 21. This will persist until such time as the relevant authorities introduce policies with sufficient effect as to remedy the inaccessibility of foreign currency at the interbank rate.

Whilst the Directors have exercised reasonable and prudent judgement in the preparation of these financial results, the above-mentioned market-wide distortions may have an impact on the information presented in the financial results. As a result, the Directors advise users of the financial results to exercise due caution. In view of the matters set out above, the External Auditors have issued an adverse review on the interim condensed financial statements for the six months ended 31 December 2019.

Corporate Governance

There were no changes to the Board during the period under review.

Financial performance highlights (inflation adjusted)

	Half Year 2020 Z$ millions	Half Year 2019 Z$ millions	Growth
Revenue	1,272	634	101%
Operating Profit	248	138	80%
Profit Attributable to shareholders of Simbisa	106	86	24%
Cash Generated from Operations	230	135	71%
	31 Dec 2019	**30 Jun 2019**	
Total Assets	1,418	656	116%
Total Liabilities	949	345	175%
Total Debt	492	85	478%

Despite economic headwinds in Zimbabwe, the Group financial performance was resilient. Key highlights are as follows:

- Revenue grew by 101% and Operating profit increased by 80%. Profit attributable to shareholders and headline earnings increased by 24%.
- The Group's significant cashflow items include expansion capital expenditure of ZWL96 million mainly towards new stores in Kenya, Zambia and Zimbabwe. The Board will continue to monitor capital allocation in these strategic business units.
- The Group's Balance sheet remains sound. Excluding the impact of IFRS 16, the Group's net gearing ratio increased marginally from 11% to 15%.

As a result of this performance, the Board has resolved to declare an interim dividend of ZWL 5.07 cents per share. Furthermore, the Board approved a dividend of ZWL 1,424,540 payable to the Simbisa Employee Share Trust.

Coronavirus disease (COVID-19)

On March 11, 2020, the World Health Organisation (WHO) declared the Corona Virus Disease (COVID 19) an international pandemic. Since its emergence late last year, the virus has spread to every continent with cases rising daily. As a Group the health of our customers and staff comes first. We are keeping abreast with Government directives in each of the markets we operate in and enforcing compliance. In Mauritius the authorities have instituted a 2-week lock down. All our other markets have continued to trade during normal operating hours with no significant reductions in volumes and minimal disruption to supply chain.

All our shops continue to apply world class hygienic practises. We are urging our customers to use our Dial-a-Delivery services and encouraging takeaways and car park or kerb side pick-ups to support social distancing that will reduce the rate of infections and flatten the COVID 19 curve.

At the date of authorisation of these interim financial statements, the Group could not reliably estimate the future financial impact that COVID 19 will have on the business. We will continue to monitor developments in each market and respond accordingly.

Outlook

The Group expects the economic challenges in Zimbabwe to persist in the medium term. Simbisa will continue to ensure we provide optimum value offerings in light of deteriorating disposable income. Optimal capital management will also remain a key focus of the Board in these circumstances. The Group however remains optimistic that the operating environment in Zimbabwe will improve over the medium to long-term and will strategically focus on consolidating market share, preserving value of both tangible and intangible assets, and continuing to implement innovative strategies to grow ahead of the economic turnaround.

In the Region, Simbisa's key strategic intent will remain to increase the Region's contribution to Group revenue and profitability, further moderating Zimbabwe country risk. The Group has made good progress in allocating capital to the Region segment in the past six months. The Group will also endeavour to continue improving operational efficiencies in all business units.

Appreciation

On behalf of the Board, I would like to express our profound gratitude to the executive team, management and members of staff for their commitment, loyalty and hard work in a difficult period for the Group.

I would like to also express our appreciation to our loyal customers, shareholders, suppliers and business associates.

Addington Chinake
Independent Non – Executive Chairman

Dividend Announcement

Notice is hereby given that on 3 March 2020 the Board of Directors declared an interim dividend of ZWL 5.07 cents per share payable out of the profits of the Group for the six months ended 31 December 2020.

The dividend will be payable in Zimbabwe dollars on or about 15 April 2020 to shareholders registered in the books of the Company close of business on 9 April 2020. The last day to trade cum-dividend is 6 April 2020 and the ex-dividend date 7 April 2020.

The Board has also declared an interim dividend of ZWL1.4million to the Simbisa Brands Employee Share Trust which will be paid on the same date.

By order of the Board

Group Secretary
26 March 2020

Chief Executive Officer's Report

Trading Environment

In the half year ended 31 December 2019, economic challenges persisted in Zimbabwe with currency devaluation, hyperinflationary pressures, an ongoing acute electricity crisis and dampened consumer demand presenting the greatest challenges to the country's operating environment. Compared to Zimbabwe, the operating context in our Regional Operations was relatively stable. However, local currency volatility remained the main challenge. Across all of our regional markets, the respective local currencies depreciated against the USD in the six-month period versus prior year, with notable devaluations experienced in Zambia and Ghana. Despite these challenges, the Group has remained resilient and continues to improve performance in the existing business whilst also growing market share through organic growth across all markets.

Group Performance Overview

Zimbabwe

Consumer demand in Zimbabwe remains subdued; increasing food insecurity following a drought-agricultural season has constrained earnings in a sector which provides employment for a large majority of the population. Sustained inflationary pressures have further eroded consumer earnings resulting in dampened consumer demand and negatively impacting sales volumes across consumer-facing sectors in Zimbabwe. Inflation and devaluation of Zimbabwe's local currency, an acute electricity crisis and general economic uncertainty continue to exert downward pressure on margins.

As a result of the aforementioned consumer demand pressures, customer counts fell 33% versus prior year, although measures introduced in the period to mitigate the fall in consumer demand by enhancing our value offering to customers paid off, with customer counts increasing 43% (excluding bread sales) and 23% (including bread sales) between 1Q FY20 and 2Q FY20. Bread Sales were affected by wheat and flour shortages experienced in the country. The year-on-year drop in customer counts was offset by an increase in average spend, resulting in a year-on-year increase in Revenue of 29% (inflation adjusted) and 492% (historical).

Through the continued implementation of a strict-cost control strategy, Simbisa Zimbabwe managed to hold Gross Profit margins firm on prior year levels, whilst still delivering an improved value proposition to our customers. However, inflationary pressures and power outages contributed significantly to the operating cost structure and as a result operating profit margins moderated to 19.6% in 1H FY20 (22.6% in 1H FY19).

Simbisa Zimbabwe opened 9 new counters between 30 June 2019 and 31 December 2019 to close the period with 218 counters. This included growing our footprint in the busy town centers of Kwekwe and Karoi. Capital expenditure of ZWL59.8m (inflation adjusted) and ZWL32.2m (historical) was outlaid during the period under review for expansion and maintenance of our existing counters to a best-in-class standard. The Group remains on track to open 10 new counters in the six-month period from 30 September 2019, as per the growth strategy communicated to stakeholders in the 1Q FY20 trading update, having already opened 5 new counters between 30 September and 31 December 2019.

Regional Operations

We are pleased to report stellar performance across the Regional Operations in the six-month period under review, resulting in an increase in overall contribution to Group performance over the period. Customer counts grew 24% from prior year although revenue growth was moderated by a drop in USD average spend due to currency devaluations experienced across all regional markets versus the prior year comparable period. Revenue from Regional Operations grew in United States Dollar terms by 7% year on year to US$ 37.0 m in 1H FY20 (US$ 34.6 m in 1H FY19) and from prior year in Zimbabwe Dollar terms to ZWL497.6m (ZWL34.6m in 1H FY19). Regional operating margins improved from 8.4% in 1H FY19 to 10.7% (excluding the impact of IFRS 16) and to 19.4% (including the impact of IFRS 16) in 1H FY20.

We continue to grow our market share in the region through new store rollouts. Since 30 June 2019, 11 new counters have been opened in the region. Noteworthy was the launch of the RocoMamas brand in Zambia and the Vasilis brand in Kenya.

Kenya

The Kenyan Shilling held relatively steady over the period under review, supported by a sound foreign exchange reserves buffer and a well-contained current account deficit. In November 2019, the government of Kenya repealed the 4% interest rate cap above the Central Bank base rate which had been in place since September 2016; this development was favorably received by the market since the interest rate cap had been blamed for constricting private sector lending growth and reducing the effectiveness of monetary policy.

Customer counts grew 5% versus prior year while local currency average spend increased 6% year-on-year resulting in revenue growth of 12% in local currency terms and 10% in US Dollar terms. Operating Profit Margins improved in the period under review versus the prior year period on the back of improved Gross Profit Margins and lower operating expenses relative to revenue.

Key focus areas in the period under review included executing strategic organic growth targets, with 7 new counters opened in the six-month period to 31 December 2019 and the launch of the Vasilis brand in this market. The economic outlook for the year 2020 is favorable, with real GDP growth estimated at 6.0% (up from 5.5% in 2019), supported by growth in the agricultural sector following an improved rainfall season. We expect a stable operating environment for 2H FY20 and Kenya remains a strategic growth market for the Group with a healthy capital expenditure pipeline for future organic growth.

Zambia

The Zambia business continues to make strides in performance-improvement under a new management team. Customer counts grew 14% versus prior year while local currency average spend increased 22% year-on-year resulting in revenue growth of 40% in local currency terms. Top-line performance in USD terms was hindered by continued devaluations in the Zambian Kwacha which depreciated 19% against the USD in 1H FY20 compared to the comparable prior year period; thus, US Dollar revenue grew a more moderate 16% year on year. Operating Margins also improved in 1H FY20 compared to the prior year.

The RocoMama's brand was successfully launched in Zambia in the period under review, with the inaugural store opening in July 2019. The period closed with 26 counters in this market, with more store openings in the pipeline for 2H FY20.

In our FY19 results publication we flagged the Zambian government's proposed migration from VAT to Sales tax as a key risk to the Zambian business' performance; this proposal has subsequently been scrapped which alleviates this risk factor. Currency devaluation risk however remains a key risk in this market.

Ghana

Simbisa Ghana achieved a 12% year on year increase in customer counts and a 6% increase in local currency average spend over the same period resulting in a 19% increase in revenue versus prior year. Weakness in the Ghanaian Cedi, which fell 14% against the US Dollar in the six months to 31 December 2019 versus the prior year period, softened revenue growth in US terms which was up 4% year on year. An improvement in Gross Profit and Operating Margins in 1H FY20 compared to the prior year period further boosted bottom-line growth and efforts to turnaround performance in this market are evidently starting to bear fruit.

The biggest downside risk to the business' performance in 2H FY20 emanates from continued weakness in the Ghanaian Cedi as well as potential for economic disruption in an election year.

Mauritius and Namibia

Management efforts in Mauritius during the period under review have been predominantly focused on going back at our existing business to build it from the bottom up. In the six-month period to 31 December 2019, one new counter was opened with the full impact coming through in 1H FY21.

The strategic intent for the Namibian business is to bring in a new strategic local partner, or convert to a Franchise model.

Strategic Focus

Simbisa will continue to focus on organic growth through the roll out of new counters under our core QSR brands through expanding our

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Simbisa Brands LIMITED

Chief Executive Officer's Report - continued

footprint and growing market share in existing markets as well as exploring opportunities in new African markets. The Group remains vigilant of opportunities to develop and acquire other brands in the QSR and casual dining segment that will complement our existing brand portfolio. A key objective in the short to medium term is to enhance our service offering through technology development with a particular focus on our delivery services. The Group has identified a key strategic partner for a technology-driven logistics business with whom the Group intends to restructure the existing delivery business in order to accelerate growth and diversify existing revenue streams in this key growth area.

Outlook

Despite economic headwinds in Zimbabwe, proactive management strategies have been put in place to ensure that Simbisa will continue to create value for stakeholders. Management remains focused on hedging against inflation and currency volatility as well as growing the business through a measured expansion strategy, as outlined in previous communication to stakeholders. An optimal capital structure will be established to execute the latter and will involve further leveraging the Zimbabwe balance sheet.

With the turnaround of the existing business performance well on track, we are turning to an organic growth strategy in our Zambian and Ghanaian businesses. Kenya remains a key growth market in our regional business with significant opportunity to further grow our market share. Regional growth through new store openings will be focused on these markets over the next twelve months. The focus in our other regional markets will be to defend our market share and ensure existing operations generate positive returns on investment.

Currency volatility remains the key risk to our regional business' performance, particularly in Zambia and Ghana where the local currencies are expected to remain vulnerable in the year 2020. Management remains vigilant of the risks and has mitigated the inherent currency risk by maximizing localization of cost of sales and operating expenses and ensuring optimal pricing is achieved in local currency. We are confident that the region's contribution to Group performance will continue to grow and unlock value for stakeholders.

I would like to express my appreciation to the Simbisa Brands Board of Directors, Management and all our members of staff for their hard work and dedication; and to our loyal customers, suppliers and other stakeholders for their continued support in these challenging times.

Basil Dionisio
Group Chief Executive Officer
26 March 2020

Directors' Responsibility

The Directors are responsible for the preparation and fair presentation of the Group's consolidated financial statements, of which this press release represents an extract. These abridged Group interim financial statements are presented in accordance with the disclosure requirements of the Zimbabwe Stock Exchange (ZSE) Listing Requirements for provisional interim financial statements (Preliminary Reports), and in accordance with the measurement and recognition principles of International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) (COBE).

Cautionary Statement- Reliance On All Financial Statements Prepared In Zimbabwe For 2019/2020

The Directors would like to advise users to exercise caution in their use of these interim financial statements due to the material and pervasive impact of the technicalities brought about by the change in functional currency in Zimbabwe around February 2019, its consequent impact on the usefulness of the financial statements for 2019/2020 financial periods and the adoption of International Accounting Standard (IAS) 29 (Financial Reporting in Hyperinflationary Economies), effective 1 July 2019.

Whilst the Directors have exercised reasonable due care, and applied judgements that they felt were appropriate in the preparation and presentation of these interim financial statements, certain distortions may arise due to various specific economic factors that may affect the relevance and reliability of information that is presented in economies that are experiencing hyperinflation, as well as technicalities regarding the change in functional and reporting currency.

The review conclusion on these interim financial statements has been modified by the independent auditors, Ernst & Young Chartered Accountants(Zimbabwe) as indicated in the review conclusion statement below.

External Auditor's Review Conclusion

These Group's abridged inflation adjusted interim financial statements have been reviewed by the Group's external auditors, Ernst & Young Chartered Accountants (Zimbabwe), who have issued an adverse review conclusion as a result of non-compliance with IAS 21 (The Effects of Changes in Foreign Exchange Rates) and the consequential impact on the inflation adjusted amounts determined in terms of IAS 29. The auditor's review conclusion on the Group's abridged inflation adjusted interim financial statements is available for inspection at the Company's registered office.

ABRIDGED GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Six Months Ended 31 December 2019

	Notes	INFLATION ADJUSTED Six months ended 31-Dec-19 Reviewed ZWL	Six months ended 31-Dec-18 Restated ZWL
Revenue		**1,272,301,489**	**633,671,770**
Operating profit before depreciation, amortisation and impairment		**248,332,605**	**138,060,613**
Loss on monetary position		(1,334,009)	-
Foreign exchange and other gains/(losses)		273,048	(23,162)
Depreciation, amortisation and impairment		(72,211,923)	(14,669,905)
Profit before interest and tax		**175,059,721**	**123,367,546**
Interest income		5,674,910	1,008,327
Interest expense		(23,836,977)	(1,858,971)
Profit before tax		**156,897,654**	**122,516,902**
Income tax expense		(48,603,537)	(35,458,229)
Profit for the period		**108,294,117**	**87,058,673**
Other comprehensive income - to be recycled to profit or loss			
Exchange differences arising on the translation of foreign operations		63,631,454	(783,352)
Other comprehensive income for the period, net of tax		**63,631,454**	**(783,352)**
Total comprehensive income for the period		**171,925,570**	**86,275,321**
Profit for the period attributable to:			
Equity holders of the parent		106,281,128	85,935,581
Non-controlling interests		2,012,989	1,123,092
		108,294,117	**87,058,673**
Total comprehensive income for the period attributable to:			
Equity holders of the parent		167,638,900	84,732,574
Non-controlling interests		4,286,670	1,542,747
		171,925,570	**86,275,321**
Earnings per share (cents)	**11**		
Basic earnings per share		18.91	15.43
Headline earnings per share		18.91	15.43
Diluted earnings per share		18.82	14.99
Diluted headline earnings per share		18.82	14.99

ABRIDGED GROUP STATEMENT OF FINANCIAL POSITION

As At 31 December 2019

	Notes	INFLATION ADJUSTED 31-Dec-19 Reviewed ZWL	30-Jun-19 Restated ZWL
ASSETS			
Non-current assets			
Property, plant and equipment		701,498,321	448,702,562
Non-current financial assets	6	22,511,312	28,575,358
Right-of-use assets	5	275,244,778	-
Intangible assets		3,309,653	1,306,623
Deferred tax assets		9,200,124	2,638,159
		1,011,764,188	**481,222,702**
Current assets			
Current tax assets		-	57,833
Inventories		107,216,153	77,999,340
Trade and other receivables		166,999,614	45,315,961
Cash and cash equivalents		132,357,023	51,247,176
		406,572,790	**174,620,310**
Total assets		**1,418,336,978**	**655,843,012**
EQUITY AND LIABILITIES			
Equity			
Share capital and share premium		99,382,294	99,382,294
Distributable reserves		260,485,510	165,463,504
Other reserves		105,489,328	45,215,506
		465,357,132	**310,061,304**
Non-controlling interests		4,161,749	483,915
Total equity		**469,518,881**	**310,545,219**
Non-current liabilities			
Deferred tax liabilities		61,376,208	58,946,280
Borrowings	8	43,683,987	15,121,417
Lease liability	5	233,172,741	-
		338,232,936	**74,067,697**
Current liabilities			
Borrowings	8	161,236,216	70,041,718
Trade and other payables		363,609,131	191,660,797
Lease liability	5	54,253,923	-
Current tax liabilities		31,485,891	9,527,581
		610,585,161	**271,230,096**
Total liabilities		**948,818,097**	**345,297,793**
Total equity and liabilities		**1,418,336,978**	**655,843,012**

ABRIDGED GROUP STATEMENT OF CASH FLOWS

For The Six Months Ended 31 December 2019

	INFLATION ADJUSTED Six months ended 31-Dec-19 Reviewed ZWL	Six months ended 31-Dec-18 Restated ZWL
Cash generated from operations	**229,657,410**	**134,657,636**
Net interest paid	(18,162,068)	(1,162,545)
Tax paid	(14,463,767)	(15,889,197)
Net cash flow from operating activities	**197,031,575**	**117,605,894**
Investing activities	**(96,047,532)**	**(41,994,714)**
Net cash inflow before financing activities	**100,984,043**	**75,611,180**
Financing activities	**(29,970,843)**	**(21,881,956)**
Net increase in cash and cash equivalents	**71,013,200**	**53,729,224**
Foreign currency translation	**10,096,647**	**(21,024)**
Cash and cash equivalents at the beginning of the period	**51,247,176**	**28,299,749**
Cash and cash equivalents at the end of the period	**132,357,023**	**82,007,949**

ABRIDGED GROUP STATEMENT OF CHANGES IN EQUITY

For The Six Months Ended 31 December 2019

INFLATION ADJUSTED

	Attributable To Equity Holders Of The Parent					
	Share capital and share premium ZWL	Distributable Reserves ZWL	Other Reserves ZWL	Total ZWL	Non-Controlling Interests ZWL	Total ZWL
Balance at 1 July 2019	**99,382,294**	**165,463,504**	**45,215,506**	**310,061,304**	**483,915**	**310,545,219**
Profit for the period	-	106,281,128	-	106,281,128	2,012,989	108,294,117
Other comprehensive income for the period	-	-	61,357,773	61,357,773	2,273,681	63,631,454
Treasury shares	-	-	(1,001,618)	(1,001,618)	-	(1,001,618)
Transactions with owners **(note 10)**	-	(1,073,437)	(82,332)	(1,155,769)	929,260	(226,510)
Dividends	-	(10,185,686)	-	(10,185,686)	(1,538,095)	(11,723,781)
Balance at 31 December 2019	**99,382,294**	**260,485,509**	**105,489,329**	**465,357,132**	**4,161,750**	**469,518,881**
Balance at 1 July 2018	**95,650,156**	**97,254,262**	**1,106,777**	**194,011,195**	**393,994**	**194,405,189**
Profit for the period	-	85,935,581	-	85,935,581	1,123,092	87,058,673
Other comprehensive income for the period	-	-	(1,203,007)	(1,203,007)	419,655	(783,352)
Transactions with owners	-	(789,866)	-	(789,866)	537,477	(252,389)
Share based payments charge	-	-	1,636,170	1,636,170	-	1,636,170
Dividends	-	(16,892,504)	-	(16,892,504)	(65,000)	(16,957,504)
Balance at 31 December 2018	**95,650,156**	**165,507,473**	**1,539,940**	**262,697,569**	**2,409,218**	**265,106,787**

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL RESULTS

For The Six Months Ended 31 December 2019

1 General information

Simbisa Brands Limited (Simbisa or the Group) is a limited liability company incorporated and domiciled in Zimbabwe whose shares are publicly traded on the Zimbabwe Stock Exchange ("ZSE"). Simbisa Brands Limited, and its subsidiaries own and operate quick service restaurants (QSR) across Africa.

2 Accounting policies

The Group reports in terms of International Financial Reporting Standards (IFRS). The principal accounting policies of the Group have been applied consistently in all material respects except for IAS 29 and IFRS 16, with those of the previous year. There is a significant impact from the implementation of IFRS 16, a standard which was adopted effective 1 July 2019. Refer to Note 5 for more infomation on the impact.

The abridged consolidated financial results do not include all of the information and disclosures required to fully comply with IFRS and should be read in conjunction with the Group's annual financial statements as at 30 June 2019 which are available on the Company's website.

3 Basis of preparation

The Group`s financial statements for the half year ended 31 December 2019 have been prepared in accordance with the requirements of the Zimbabwe Stock Exchange Listing Requirements and in the manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31) (COBE). The Listing Requirements require interim financial statements to be prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and as a minimum, contain the information required by IAS 34, Interim Financial Reporting. The consolidated interim financial statements have been prepared based on the statutory records that are maintained under the historical cost basis. The consolidated interim financial

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For The Six Months Ended 31 December 2019

Simbisa Brands LIMITED

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL RESULTS

For The Six Months Ended 31 December 2019 - *(continued)*

3 Basis of preparation - continued

statements are presented in Zimbabwean Dollars (ZWL) and all values are rounded to the nearest dollar, except where otherwise indicated. The principal accounting policies applied in the preparation of the consolidated interim financial statements are in terms of IFRS except for the non-compliance with IAS 21, (The Effects of Change in Foreign Exchange Rates) and its consequential impact on the inflation adjusted amounts determined in terms of IAS 29 (Financial Reporting in Hyperinflationary Economies) and have been applied consistently in all material respects with those of the previous consolidated annual financial statements. In the current year, the Group has included the adoption of IAS29 and IFRS 16, Leases.

4 Summarised segment information

	INFLATION ADJUSTED			
Six months ended 31 December 2019	**Zimbabwe ZWL**	**Region ZWL**	**Net eliminations ZWL**	**Total ZWL**
Revenue	774,692,164	497,609,325		1,272,301,489
Operating profit before depreciation and amortisation	150,032,565	98,300,040		248,332,605
Depreciation and amortisation	(15,670,326)	(56,541,597)		(72,211,923)
Profit/(loss) before tax	135,859,952	21,037,702		156,897,654
Capital expenditure	60,561,376	35,520,532		96,081,908
Segment assets	608,036,401	811,541,039	(1,240,462)	1,418,336,978
Segment liabilities	268,725,981	680,988,472	(896,356)	948,818,098

Six months ended 31 December 2018	**Zimbabwe ZWL**	**Region ZWL**	**Net eliminations ZWL**	**Total ZWL**
Revenue	599,052,702	34,619,068		633,671,770
Operating profit before depreciation and amortisation	135,132,434	2,928,179	-	138,060,613
Depreciation and amortisation	(13,560,990)	(1,108,915)		(14,669,905)
Profit/(loss) before tax	121,102,297	1,414,604	-	122,516,902
Capital expenditure	40,798,982	1,490,235		42,289,217
Segment assets and liabilities 30 June 2019				
Segment assets	480,311,055	184,078,682	(8,546,725)	655,843,012
Segment liabilities	212,955,945	137,095,539	(4,753,691)	345,297,793

5 Leases

The Group has applied IFRS 16 using the modified retrospective approach with effect from 1 July 2019. Comparatve information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises a right of use asset and lease liabilities for its leases.

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 July 2019. Right of use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

i. Applied a single discount rate to a portfolio of leases with similar characteristics

ii. Applied the exemption not to recognise right of use assets and liabilities for leases with less than 12 months of remaining lease term.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Right of Use Asset Reviewed
As at 1 July 2019	-
Initial Recognition	127,586,081
Depreciation expense	(40,035,530)
Exchange differences on translation of foreign subsidiaries	187 694 227
As at 31 December 2019	**275,244,778**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Lease Liability Reviewed
As at 1 July 2019	-
Initial Recognition	127 586 081
Accretion of interest	12 664 262
Payments	(44,514,838)
Exchange differences on translation of foreign subsidiaries	191 691 159
As at 31 December 2019	**287,426,664**
Non - Current	233,172,741
Current	54,253,923

NOTES TO THE ABRIDGED CONSOLIDATED FINANCIAL RESULTS

For The Six Months Ended 31 December 2019 - *(continued)*

6 Non-current financial assets

Inflation Adjusted	**Currency of Denomination**	**Rate of Interest per annum**	**Year Repayable**	**31-Dec-19 Reviewed ZWL**	**30-Jun-19 Restated ZWL**
Non-current financial assets held at amortised cost					
Long-term receivable (unsecured)	USD	2%	2023	22,511,312	8,802,638
Medium term receivable (secured)	ZWL	3%	2020	-	19,772,720
				22,511,312	**28,575,358**

7 Hyper inflation

In October 2019, the PAAB issued a pronouncement prescribing that the application of financial reporting in hyperinflationary economies had become effective in Zimbabwe, for reporting periods starting on or after 1 July 2019. These financial statements have been prepared in accordance with IAS 29 together with IFRIC 7, as if the economy had been hyperinflationary from 1 July 2018. The Group adopted the Zimbabwe Consumer Price Index ("CPI") as the general price index to restate transactions and balances. Monetary assets and liabilities and nonmonetary assets and liabilities carried at fair value have not been restated as they are presented at the measuring unit current at the end of the reporting period. Items recognised in the income statement have been restated by applying the change in the general price index from dates when the transactions were initially recorded in the Group's financial records (transaction date). A net monetary adjustment was recognised in the statement of profit or loss for the half year ended 31 December 2019. Comparative amounts in the Group financial results have been restated to reflect the change in the general price index from 22 February 2018 to the end of the reporting period. All items in the statement of cash flows are expressed based on the restated financial information for the period.

As mentioned above, the Group adopted the Zimbabwe Consumer Price Index ("CPI") as the general price index and used the monthly indices to inflation adjust the historical figures. The Group has shown below the key CPIs used during the half year:"

	Indices	**Conversion Factor**
CPI on 31 December 2019	551.63	1
CPI on 30 June 2019	172.61	3.2
Average CPI - 6 months to 31 December 2019	362.3	
Average CPI - 6 months to 31 December 2018	72.6	

8 Borrowings

Non-current borrowings

The Group's non-current borrowings are repayable from Jan 2021 to September 2021. The facilities are secured with a Corporate guarantee and bear interest at an average rate of 30% per annum in Zimbabwe and 9.5% per annum in the Region in the respectve local currencies.

Current borrowings

Short-term borrowings form part of the Group's core borrowings and are renewed on maturity in terms of on-going facilities negotiated with the relevant financial institutions. The average interest rate for short-term borrowings is 30% per annum in Zimbabwe and 9.8% per annum in the Region in the respectve local currencies.

9 Commitments for capital expenditure

	INFLATION ADJUSTED	
	31-Dec-19 Reviewed ZWL	**31-Dec-18 Restated ZWL**
Authorised by Directors and contracted	90,946,766	56,136,218
Authorised by Directors but not contracted	189,146,971	34,848,685
	280,093,737	**90,984,903**

The capital expenditure is to be financed out of the Group's own resources and existing borrowing facilities.

10 Changes in interests in subsidiaries

Acquisition of additional interest in Mauritius

Effective 1 July 2019, the Group acquired the remaining 12.5% interest in Simbisa Brands Mauritius for ZWL226,510. The transaction did not result in a change in control and has been treated as a transaction among owners, with a difference of ZWL(1,073,437) recognised in equity.

11 Earnings per share

	INFLATION ADJUSTED	
	31-Dec-19 Reviewed ZWL	**31-Dec-18 Restated ZWL**
Basic and Diluted earnings		
Profit attributable to equity holders of the parent (basic and diluted earnings)	106,281,128	85,935,581
Number of shares in issue for Basic earnings per share		
Number of ordinary shares in issue	562 184 788	556 784 788
Weighted average number of ordinary shares in issue	562 184 788	556 784 788
Number of shares in issue for Diluted earnings per share		
Weighted average number of ordinary shares in issue	562 184 788	556 784 788
Dilutive impact of indigenisation transaction share option	-	12 500 000
Dilutive impact of employee share option scheme	2,504,963	4 160 490
Weighted average number of ordinary shares in issue for diluted earnings per share	564 689 751	573 445 278
Basic earnings per share (cents)	18.91	15.43
Diluted basic earnings per share (cents)	18.82	14.99
Reconciliation of basic earnings to headline earnings		
Profit for the year attributable to equity holders of the parent	106,281,128	85,935,581
Headline earnings attributable to ordinary shareholders	**106,281,128**	**85,935,581**
Headline earnings per share (cents)	18.91	15.43
Diluted headline earnings per share (cents)	18.82	14.99